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# **China, Peoples Republic of**

## **Market Development Reports**

### **Chinese Business Etiquette**

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Approved by:

**Scott S. Sindelar**

**US Consulate General, Shanghai**

Prepared by:

Jane Hu

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#### **Report Highlights:**

**As the world's most populous country, China is fast emerging as a superlatively important market for many US businesses. Understanding and practicing Chinese etiquette is one of the keys to a successful business experience in China.**

**Generational change and increasing exposure to global media are gradually transforming Chinese culture, however the Agricultural Trade Office has identified a few basic observations and suggestions for visiting American business people.**

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## **China Business Etiquette**

China, as the world's most populous country, is fast emerging as one of the most important markets for many U.S. businesses. Each day, the nation that is home to nearly one-quarter of the world's population welcomes business people seeking new opportunities. More and more people realize that to understand and sincerely respect Chinese culture is one of the keys to a successful business experience in China.

### **Some fundamentals about Chinese culture:**

Chinese culture can be seen as a set of core values which underlie social interaction throughout daily life. Four key features are emblematic of China's basic cultural values:

- (a) respect for age and hierarchical position
- (b) group (rather than individual) orientation
- (c) the concept of face
- (d) the importance of relationships

Much of China's business etiquette draws on the above four key features. With this in mind, here are several tips for effectively communicating with business contacts and new friends in China:

#### **1) Establishing personal relationships**

Personal relations are a bigger factor in getting things done in China than in the United States. In business, relationships are important as most agreements rely more on trust between parties than fully articulated, legally enforceable contracts. When you begin to do business with Chinese people, it is suggested that you make friends with them first, such as talking a little bit about your hobbies, your family members and yourself, then you broach the topic of business itself. Chinese are often intensely curious about the daily rhythm of American life. It is usually worthwhile to impress on your Chinese customers your good character, rather than trying to impress on them your product. Tolerance, integrity, honesty, sincerity and a little bit of humor can help you set up a stable, constant and long-term working relationship with your Chinese partners.

#### **2) Comprehending the necessity of working lunches and dinners**

Working lunches and dinners are common during your stay in China. Participation is suggested, since it is the Chinese way to get to know some information that you may not get to know during the formal business meetings, such as competitor information, and also it's the way to intensify the business relationship. Count on attending banquets arranged by your host. As a guest, you should return the favor, if feasible. If not possible on this visit, consider doing so on your next trip or when your Chinese counterparts come to the United States, but be sure not to miss the opportunity. In China, people tend to eat early-lunch is from around 11:30 a.m., while dinner is served from 6 p.m. onwards. It is better not to serve alcohol before the meal. It's important to articulate any food preferences and don't feel too pressured to eat something you don't like or drink more than you can handle. Work out the seating

arrangements in advance, making sure to place senior figure from each side next to one another with an interpreter as necessary.

At a meal, wait for your host to make the first toast before drinking. You may then offer a brief return toast if you wish. It is polite to use both hands when offering or receiving anything. Once the meal is over, it is not expected that guests and hosts will linger.

### (3) Figuring out the management structure of the Chinese organization

It is not always easy to discover who is the most senior official or executive. Often, the man with the most impressive title is not the one who makes the decisions; it may be his deputy. Another cause for confusion is that the senior executive may be a high-ranking Communist Party member, and his business card may give his party rank rather than his business title.

### (4) Bring small gifts

It is useful, but not absolutely necessary, to give small gifts to your Chinese customers during meetings or meals. Items that are not excessively expensive and are representative of your companies are best. Some examples: items with your corporate logo (mug, pen, key chain, etc.), or a book (with pictures) of the region where your company is based. Gifts should be given or exchanged at the end of the first meeting, or at the end of your stay in their city. Don't expect your Chinese customers to unwrap your gifts in front of you, since they may not be accustomed to this practice.

### (5) Bring name cards

Name cards are an essential part of living and doing business in China. Whether here for business or pleasure, you should carry a good supply of name cards with you at all times. It is polite to accept and offer cards with both hands. After changing the name cards, don't put them in your wallets immediately, please look at them around 10 seconds and then put them on the meeting table in front of you. After the meeting, be sure to collect all the name cards.

It would be better for you to give your Chinese customer the Chinese-English bilingual card. If you don't have bilingual cards, you can ask local companies to print one or two boxes for your temporary use. We recommend that you have Chinese names on your name cards. It is helpful for your Chinese customers to address you.

### (6) Learn some greetings in Mandarin

Chinese counterparts will be impressed by those foreigners who can speak Chinese, because they equate learning Chinese with a fondness for China. Even one or two words will make a good impression. Business people in China will feel more comfortable with those who have taken the time to learn a bit about China, and will most likely be quite well informed about America. Don't be surprised if your host speaks passable or even excellent English, but insists on using an interpreter. If you can summon up a few Chinese greetings during your first meeting, then it will be helpful in setting the mood

for a good relationship with your Chinese counterparts.

Some useful Chinese phrases:

Nin hao - How do you do?

Wo hen gaoxing ren shi nin - Nice to meet you

Xiexie - Thank you

Qing zuo - Sit down, please

Zai jian - Goodbye

He Zuo Yu Kuai - Nice to cooperate with you

Gan bei- Cheers (literally: dry cup, i.e. you may be prompting your host to drain their glass)

#### (6) Behaving yourself on informal occasion

Social occasions are worthwhile in order to improve team spirit. Your presence will show your human face, but remember that staff will expect you to act as a leader, even in an informal setting.

#### (7) Paying attention to the small details when you see your Chinese counterparts for the first time

Generally speaking, shaking hands and changing name cards is the common way to begin a first meeting with your Chinese counterparts. Don't be too demonstrative, such as trying to hug or kiss your Chinese counterparts, as this will most likely cause embarrassment. Laughing loudly is not polite or suitable in China when people meet each other for the first time. Try not to be too talkative, and be sure to take an interest in what your host has to say. Give your host a chance to bond with you, but expect your host to be more reserved in a business setting than is common in the United States.

#### (8) Understanding the Chinese way of thinking

Most Chinese people are introverted and accustomed to thinking in roundabout ways. So if your Chinese customers keep silent or just give you "may be" answers, please don't assume that they are not willing to do business with you. Don't be in too much of a hurry, sincerely express what you want, and give them enough time to think.

#### (9) The concept of face

This is generally the most sensitive and complicated topic. Taking into account different personalities and ways of thinking, Chinese people generally prefer passive to aggressive, and prefer burying their feelings to expressing them openly. So losing face is a humiliating experience - especially in a business context. Losing face one time can mean losing business with that client or contact forever, as an embarrassment such as this will not be forgotten easily. This is particularly so for more senior officials who might be embarrassed in front of more junior colleagues. So when you run into problems, either in meetings or on the street, raising your voice to solve a bad situation will generally only make things worse. Avoid losing your temper or criticizing China in any way. Likewise, it's a good idea to avoid political discussions until you know your host fairly well.

**Conclusion:**

As a visitor to China, it is only polite to show respect for local customs. If you want to learn more please see ATO Shanghai's **Business Travel in China** (CH2829) report, and our **Exporter Guide** (CH2830), both of which are available from our web site ([www.atoshanghai.org](http://www.atoshanghai.org)). The office web site also contains constantly updated information on market conditions, ATO Shanghai promotional activities, and a broad range of market information reports. ATO Shanghai welcomes you to come explore export opportunities in China!